

16 August 1965

MEMORANDUM FOR THE RECORD

SUBJECT: H.R. 8469 - Civil Service Retirement Annuity Adjustments

1. H.R. 8469, as amended, passed the House and is now being considered in the Senate Committee.

COST OF LIVING

2. Background. The primary thrust of the bill has the support of the Civil Service Commission and relates to the cost-of-living adjustment feature established in the 1962 CSR amendments. The 1962 amendment, which has not yet been operable, provides that when a 3 per cent increase of cost of living is sustained for a full calendar year, this increase will be reflected in annuities as of 1 April of the following year. Since 1962 cost of living has increased more than 3 per cent, but because of the "full year" requirements of the 1962 amendment, annuities will not be increased until 1 April 1966.

3. H.R. 8469. This bill provides that effective the first day of the third month following its enactment, annuities will be increased. The basis for the increase compares the most current monthly consumer price index following its enactment to calendar year 1962. The increase will probably be about 3.7 per cent. Further, annuities commencing on or before 1 October 1956 will be increased an additional flat 6 1/2 per cent and those occurring thereafter, 1 1/2 per cent. To be entitled to these

increases, the annuity must commence by the time the first mentioned annuity increase becomes effective. Subsequent annuity adjustments are likewise compacted from the one year plus waiting period to each subsequent three-month period when the price index rises at least 3 per centum above the last base month used for a prior annuity increase. To be eligible for these increase, the commencing date of the annuity must be as of or before the effective date of the increase.

SURVIVOR ANNUITIES

4. At present annuities of eligible widows and widowers of employees who die in service or who retire and die thereafter are computed at the rate of 55 per cent of the earned annuity or of the survivor's base selected by the retiring employee. H.R. 8469 raises this rate to 60 per cent.

SUMMARY

5. There is nothing in the record to indicate that the Administration supports the survivor annuity adjustment. The Senate is now holding hearings on the bill, and its passage certainly would affect the CIA Retirement Act, which is tied to the 1962 cost-of-living adjustment feature and specifies a 55 per cent rate for survivor annuities. A CIA employee under the Civil Service Retirement Act who retires before the first increase becomes effective will receive some 5.2 per cent higher annuity than if he waits.

SIGNED


Office of Legislative Counsel

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